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INFO RUEHBJ/AMEMBASSY BEIJING PRIORITY 5925  
RUEHBY/AMEMBASSY CANBERRA PRIORITY 2817  
RUEHUL/AMEMBASSY SEOUL PRIORITY 1925  
RUEHGP/AMEMBASSY SINGAPORE PRIORITY 7236  
RUEHFK/AMCONSUL FUKUOKA PRIORITY 0477  
RUEHHK/AMCONSUL HONG KONG PRIORITY 6607  
RUEHNH/AMCONSUL NAHA PRIORITY 2833  
RUEHOK/AMCONSUL OSAKA KOBE PRIORITY 4224  
RUEHKS/AMCONSUL SAPPORO PRIORITY 1050  
RUEKJCS/SECDEF WASHDC PRIORITY  
RHMFISS/FBI WASHDC PRIORITY  
RUEAIIA/CIA WASHDC PRIORITY  
RHMFISS/DEPT OF HOMELAND SECURITY WASHINGTON DC PRIORITY  
RUCPDO/DEPT OF COMMERCE WASHINGTON DC PRIORITY  
RUEHIN/AIT TAIPEI PRIORITY 7165

C O N F I D E N T I A L SECTION 01 OF 02 TOKYO 002930

SIPDIS

DEPARTMENT FOR EAP/J, PM/DTC AND INS

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TAGS: [ETTC](#) [ETRD](#) [KOMC](#) [JA](#)

SUBJECT: RETIRED GSDF GENERAL GRIM ABOUT FUTURE ENFORCEMENT  
OF EXPORT CONTROLS

REF: TOKYO 2816

Classified By: Ambassador J. Thomas Schieffer, reasons 1.4 b and d

1. (C) Summary: Retired Japanese Ground Self Defense Force (GSDF) General Naruhiko Ueda privately painted a bleak picture of the GOJ's ability to control sales/re-sales of dual-use and military items. Ueda said the lack of cooperation among government ministries, weak Customs enforcement activities, inadequate penalties and political uncertainties make it unlikely there will be improvements to the system soon. Ueda operates the Defense Research Center, staffed by retired Japanese military officials with high-level contacts, dedicated to structural reform of defense procurement, export control regulations and interagency cooperation. End Summary.

EXPANDING Customs  
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2. (C) Japanese Defense Research Center President Naruhiko Ueda told Emboffs insufficient interagency cooperation and weak Customs, authority are the primary obstacles to effective export controls. Ueda believes the GOJ could take on the biggest problem in export controls by issuing a Cabinet Order that would give Customs criminal investigative authority. Ueda said the Ministry of Finance (MOF) which controls Customs, the Ministry of Economy, Trade and Industry (METI) and the Ministry of Defense (MOD) would have to endorse such an order.

3. (C) Ueda acknowledged that while high-profile cases are a problem, i.e., Nakano Trading Company's sale of vacuum pumps used in uranium enrichment at the Yongbyon North Korean nuclear (2007) and the case of unlicensed export of Horkos high-precision machinery uncovered in July 2008, small items that can be transported easily and purchased in Akihabara (Tokyo's famous electronics shopping district) are also problematic. Ueda said Japan Customs needs to take greater interest in checking for dual-use violations, rather than seeing itself as primarily a tariff collection agency.

INSUFFICIENT PENALTIES  
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14. (C) Ueda does not expect the GOJ to strengthen deterrence against export control violations despite promises to increase penalties. Politics, he said, is the reason. He cited a \$9,000 fine against Mitsutoyo Corp. in 2006 for illegal exports of three-dimensional measuring equipment to Libya, Iran, and North Korea as an "outrageous example," noting in contrast the \$10 million fine the USG levied on Japan Aviation Electronics' illegal sales to Iran. Ueda said the increase of cases in recent years, such as the Yamada Motor sale of 11 unmanned helicopters to China, has raised METI officials' concerns, but MOF and MOD are "still blind" to the problem of illegal dual-use exports.

15. (C) Ueda attributed the failure to strengthen penalties to a lack of institutional memory. The Japanese Diet discussed increasing jail terms and fines in 1987 following revelations Toshiba had illegally sold milling equipment to the Soviet Union, which produced quieter submarines. However, a 1989 investigation showing Tokyo Electronics' illegally exported nuclear materials to East Germany did not drive the Diet to act. A Diet Advisory Panel is currently discussing methods to enhance export controls a METI official told us October 10, but has submitted no legislation.

EVERY NEW LEADER RETURNS EXPORT CONTROLS TO ZERO  
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16. (C) One challenge to building sufficient political momentum for legislative change is the need to educate every

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new Prime Minister and Cabinet about export controls, Ueda explained. Prime Ministers Koizumi and Abe were aware and concerned about the issue, but Fukuda did not, and Aso "does not understand the issue." Defense, METI and the Cabinet Office have commissioned Ueda's research center (founded in 1991) to provide information about export controls and defense procurement problems. His team of 41, mostly volunteers with prior military experience, have compiled recommendations for deployment of systems comparable to those used by United States.

Comment  
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17. (C) Press attention and IAEA discoveries of Japanese products in Libya and North Korea having resulted in increased police raids on certain companies notwithstanding, Ueda's assessment of weaknesses in Japan's export controls regime suggests long-term systemic change in this area will be slow. Post will continue to push the GOJ to increase export control efforts.

SCHIEFFER